

TO: Veronica Stalker
FROM: Matthew Brick
DATE: July 12, 2010
SUBJECT: Summary of Whistleblower Investigations

In March 2010, after receiving a number of complaints under the Iowa Association of School Board's Whistleblower Procedure (CODE 205.1.1R2), IASB instructed Brick Gentry P.C. to oversee an investigation of the complaints. Because of the amount of documents and large number of witnesses involved, Brick Gentry P.C. retained HR-OneSource and Moulder and Associates to assist with interviewing witnesses and reviewing documents. The following memorandum provides an overview of the complaints filed, a summary of the findings of fact, and recommendations on how to address the complaints.

I. WHISTLEBLOWER COMPLAINTS

IASB's Whistleblower policy, in summary, provides as follows:

"It is the responsibility of all Association directors, officers, and employees to comply with the Association's policies and to report financial improprieties, ethical violations, and/or violations (or suspected violations) of the law... Officers, directors, and employees are expected to report suspected violations of Association policies or other activities believed to be illegal by delivering a complaint to Kilcrease with a copy to General Counsel... A submitted complaint will be investigated by either (i) Kilcrease and General Counsel, or (ii) the Executive Committee with assistance from Kilcrease (but only if Kilcrease is not the subject of the complaint) and/or General Counsel (but only if the General Counsel is not the subject of the complaint). The Executive Committee may engage additional legal counsel if the complaint involves Kilcrease or General Counsel. A confidential report of findings of fact shall be submitted to the Board of Directors with recommendations for action, or no action, as appropriate." *See* IASB Whistleblower Procedure, (CODE 205.1.1R2).

As mentioned above, pursuant to the policy above, five Whistleblower complaints were filed during the months of January and February, by current and former employees or contractors of IASB. The complaints were filed on the following dates:

A. January 21, 2010;

B. February 16, 2010;

C. February 17, 2010;

D. February 23, 2010; and

E. Undated.

Former legal counsel for IASB investigated Complaint A; therefore, the allegations contained in that complaint are not a part of this report. Further, the allegations contained in Complaint B could not be thoroughly investigated as the complainant has refused to participate in the investigative process. Of the remaining complaints, below is a summary of the problems that were identified:

1. Mistreatment of Staff.

Each of above complaints mentioned staff mistreatment by the former Executive Director, Maxine Kilcrease (“Kilcrease.”) The complaints identified Kilcrease as, among other things, rude, threatening and condescending. In addition, the complainants stated that Kilcrease was not truthful with the reasons given for her hiring and firing decisions. Further, the complaints identified a number of closed-door meetings among executive staff that caused considerable anxiety in the workplace.

2. Financial Improprieties.

That the Association’s had some financial issues was generally known at the time that Kilcrease assumed her position in mid-2009; however, the complainants alleged that the actions Kilcrease took to address those problems greatly increased the problems and put the organization into a crisis-mode. To the whistleblowers, it seemed that “everything was for sale” as buyers were sought for long-established programs, office space was put up for lease, and, allegedly misguided, short-term financing arrangements were pursued.

3. Human Resource Improprieties.

The complaints communicated concerns about the human resource decisions being made on behalf of the Association. Specifically, that Kilcrease terminated three senior staff without allegedly having a plan to allocate or otherwise account for the duties performed by these employees. In addition, it was alleged that Kilcrease’s actions generated substantial additional work for the remaining staff. The complaints further asserted that Kilcrease initiated a “gag order” banning the staff from communicating with the terminated employees, as well as Board members, upon threat of termination, which resulted in additional work and, again, allegedly caused considerable anxiety in the workplace.

4. Violation of Board Policies.

The complaints raised several accusations involving Kilcrease’s violation of Board policies. One such accusation involves her bringing in a contractor to oversee the significant cost of revamping office space for existing staff thereby creating vacant space to be leased. In addition, it was alleged that she did not follow IASB policy because she failed to issue a request for proposals or obtain Board approval for this decision and

because the planning of the moves overlooked critical information technology implications that required additional unanticipated expenses.

Another incident reported by a staff member involved the acquisition of new accounting software. No bids were allegedly solicited and no user references were checked. The total cost of the software is \$79,145.00 and the new software is still stated to be “sitting in the box.” Another allegation of Kilcrease’s violation of Board policy involved her decision to increase her own salary without the approval of the Board, as well as her decision to allegedly increase the salary of a number of her supposed favorite employees.

II. RECOMMENDATIONS

As the investigation found evidence to support the above-referenced complaints, the following recommendations have been suggested:

- Bring Skills Iowa personnel back to the IASB office.
 - The Skills Iowa personnel should be brought back to the IASB office as it is unclear why she was removed from the office originally and her continued absence has caused problems for both IASB and the Skills Iowa program.
- Strengthen in-house human resources function.
 - The HR Director position and functions should be better defined. The HR representative should have an open door policy and the employees should feel comfortable going to the HR representative with questions and concerns.
- Expand the scope of hiring process.
 - The Board should be more involved in this part of this process and qualifications should be only those actually needed for the position.
- Conduct background checks, contact references and verify qualifications before hiring high-level staff.
 - A policy and system should be put into place for the HR representative to maintain these contacts during the hiring process. HR should be aware of any red flags and communicate those concerns to the appropriate individual(s) or the Board.
- Establish open communication with auditors.
 - The auditors should be provided the necessary information required per their requests. The Board should be involved with this process and be aware of findings and needs of the auditors.
- Allow staff to attend Board meetings.
 - Keeping an open door, open communication policy will enhance the environment at IASB.
- Expand the scope of IASB’s nepotism policy.
 - The newly created policy should continue to specify and limit familial relationships within IASB.
- Require the Board to set the salary budget and approve the salaries for all staff on a yearly basis.

- The Board should be intimately involved with the finances and the budget. A yearly review of salaries and any potential increases or decreases should be reviewed by the Board.
- Expand the scope of IASB's credit card policy to continue to prohibit use on personal items and to provide consequences for failure to comply with the policy.
 - The newly drafted policy provides that credit cards are not to be used for personal items. A system should be developed in terms of gathering receipts and the process of reimbursements for those that have credit cards.
- Expand Board oversight of Executive Director and Chief Financial Officer.
 - The ED and CFO should have more frequent oversight from the Board to maintain a checks and balances system. The Board will need to be informed of projects and issues with the organization to maintain oversight and understanding.
- Require Board approval for the appointment of any high-level employee.
 - Board members should be aware of the hiring process, including qualifications of individuals that have been interviewed. The Board should then determine the appointment. High-level employees should be specified to the board.
- Reduce Any Unnecessary Spending.
 - All of the interviewers commented that IASB appears to have more staff than needed to accomplish its goals and there were positions with overlapping duties. Positions that are no longer necessary, positions that share duties, and/or positions that no longer fulfill the needs or requirements of IASB should be reviewed.